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SUPERMARKET BUSINESS

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VOLUME 47/NUMBER 2
FEBRUARY 1992

PRIVATE LABELS

THE REAL STORY

"Our private labels are equal or superior to the national brands."
—The management

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"I still say it's broccoli..."

SUPERMARKET BUSINESS

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FEATURES

PRIVATE LABELS: THE REAL STORY JACK COHEN **25**

In the past, private labels have been treated like not-too-respectable relatives-with taboo-like silence. But more and more operators are learning how to use them. Here's what to expect in terms of performance, gross profit, and the total store mix.

THE SECRET TO SEAFOOD SUCCESS: KNOWLEDGE MIKE DUFF **31**

What should you do to help your seafood section do even better? If your seafood staff can't give you a good answer, perhaps it's time to ask yourself what kind of training program you really need. Here's what some operators have discovered about doing the job right.

ON THE SUBJECT OF IMAGE MICHAEL J. O'CONNOR **41**

To be truly effective, a corporate philosophy must be, ironically, a very personal thing. What are the common denominators of the best and most successful corporate philosophies? In Part II of our focus on image, we look for some answers.

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10TH ANNUAL SERVICE DELI OPERATIONS REVIEW DAVID LITWAK **45**

News from the instore deli front is mixed, according to our benchmark 10th annual Operations Review. Happily, despite recession the deli held its own, posting gains in total volume, profitability, space and labor productivity. But no headway was made in attracting more shoppers to the deli counter.

STAYING THE COURSE IN TOUGH TIMES FRANK HAMMEL **63**

The recession has hit the Northeast harder, perhaps, than anywhere. But you'd never know it by Bil! Michas's newest upscale Super Foodtown store in Whippany, New Jersey. What's going on here instore?

MAXIMIZING THE DELI BOTTOM LINE JIM DUCHEK **82**

During the holiday period, you were probably preoccupied with trying to push—or even just keep up with—seasonal volume. Now, with the new year's first quarter well underway, it's time to examine the profitability of your deli sales.

NONFOODS BUSINESS

NO RECESSION FOR CATS AND DOGS? FRANK HAMMEL **87**

Consumers may be tightening their belts-but they're not tightening their pet collars. Here's the latest look at how all those new premium pussycat and pooch foods are performing.

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Cover Illustration: Debbie Tilley

SOME CRACKS IN THE WALL

By Ken Partch, Editor-In-Chief

Since 1974, to pick a date, pricing in this industry has been in turmoil. That was when President Nixon gave us price controls in an effort to control inflation. It didn't work, of course, since it dealt with effects rather than causes. The net effect was to virtually eliminate list prices of most groceries. The list price became the place from which to deal. Dealing became the way of life.

This is the history from which we have been trying to recover ever since—and without too much success. But now, the first cracks in the wall of silliness in marketing and pricing chaos have begun to appear. They're not big cracks, but cracks do have a way of spreading.

The first crack might be said to be the pressure of severe recession, and the need to cut waste out of the marketing and distribution system. The next crack might be the need for manufacturing giants such as Procter & Gamble to try to restructure sales and marketing to meet their corporate objectives as innovative, brand-oriented, consumer products companies. Procter says it needs to spend more on consumer advertising and less on sales promotion—an admirable desire for a consumer demand-driven company, as it says it is.

"We think it's more important to put our effort into product innovation, such as compact detergents and one-step shampoos, and then to convey that message to consumers. The best way to do that is through consumer advertising," says a P&G spokesman. "Secondly, the integrity of pricing is undermined when the shelf-to-ad price ratio begins to differ by up to 50 percent. The consumer no longer knows what the fair price is. Consumers are questioning the integrity of the whole pricing system.

"The consumer no longer knows what the best buy is, when the 22-oz. size is heavily promoted against the 46-oz. size. There is a ripple effect, and these practices affect inventory, labor cost, cost of inventory, store-level merchandising, even out-of-stocks. When we show the distributor CEO the costs involved in this kind of pricing, promotion and merchandising, we have no trouble in convincing him that we are right."

No doubt, we reply. And what do the buyers and merchandisers say, and what does the CEO reply, and what does he tell them to do? He may well say, "That's all very well, but get the money anyway."

Some issues are refusing to be plastered over with seemingly seamless coatings of platitudes such as 'partnering.'

Procter claims that it is trying to do no less than to re-establish the list price, and an everyday low price. It does not intend to eliminate all promotions and deals. There will still be what the company calls the Flexible Marketing Agreements, where the distributor can pretty much do whatever he wants. However, the P&G people insist, "Allowances do not reward the consumer. They reward brand switching."

Can Procter pull it off? A company with more Number One and Number Two brands in more categories than any other certainly has a chance. The nay-sayers are already saying nay. The reactions are mixed. Some, both suppliers and distributors, are even praising P&G, and wishing it luck.

How much has all this to do with the so-called shift in power to the distributor? How much has it to do with the furor over the class of trade issues? It is no secret that some powerful alternative channels of distribution to the consumer do exist. This was clearly pointed out in the McKinsey & Co. report at the Food Marketing Institute Midwinter Conference last month. The clubs are growing, with real operating cost advantages and real advantages in prices. (See SB, Jan. cover story.)

The next crack in the wall of indifferent, free-for-all, *laissez faire* marketing is the Ten Point Addendum to the Fairness Statement of the National Grocers Association. Although it is too early for much formal reaction, the National Food Brokers Association (NFBA) and the Grocery Manufacturers of America (GMA) have already expressed favorable interest. (See p.9 in this issue.)

The statement spells out in detail the thornier issues of today's marketplace, such as packs and prices, terms of sale, and modes of distribution. "It is not a statement of weakness or of concession," says NGA President Tom Zaucha. "It is a statement that provides points of leverage for both supplier and distributor.

"This is a statement that provides a place for both sides in the buyer/seller relationship that says, 'we both agree that this kind of behavior is unfair, whether it be a contention over coupon charge-backs, off-invoice charges, or backhaul. This is a place to deal with the issue while it is a $40 issue, rather than a $40,000 issue.' "

While the issues of everyday low price, rather than high price-deep deal, are separate from marketplace abuses, such as ignored coupon charge-backs, unfair invoice deduction, unfair terms of payment and delivered packs and costs, they are

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SUPERMARKET BUSINESS
instore BUSINESS

THE SERVICE DELI

CAN ITS UPSWING SURVIVE THE DOWNTURN?

BY DAVID LITWAK

Service deli volume and profits grew again in 1991. But with the economy still a question mark, retailers hope the section's prepared foods and other enticements won't be a tougher (and less profitable) sell in 1992.

At the midpoint of 1991, a SUPERMARKET BUSINESS opinion survey revealed that the recession's impact was affecting customer deli spending, but not in any radical way.

Now that the results of our Tenth Annual Service Deli Operations Review are in for the entire year, it's clear that the department more than held its own, despite the aura of cautious consumer spending.

Measured by such growth yardsticks as total volume, profitability, space and labor productivity and presence in new and remodeled supermarkets, 1991 was a good year for the department, especially under the circumstances.

However, some results may represent telltale signs of the economy's effect. For the first time, the rate of identical store deli sales growth (factoring out departments newly opened in 1991) did not match the double digits of previous years. In addition, the number of departments posting flat or down years was greater than that reported in last year's survey. Finally, operators appeared to make no headway in the campaign to attract a greater number of store shoppers to the department.

Let's take a closer look at what retailers told us about all phases of the department's 1991 performance.

Sales posted by supermarket service delis reached a new high in 1991, totaling $14.7 billion. This sum represents a substantial increase (14.9 percent) over the $12.8 billion performance in 1990.

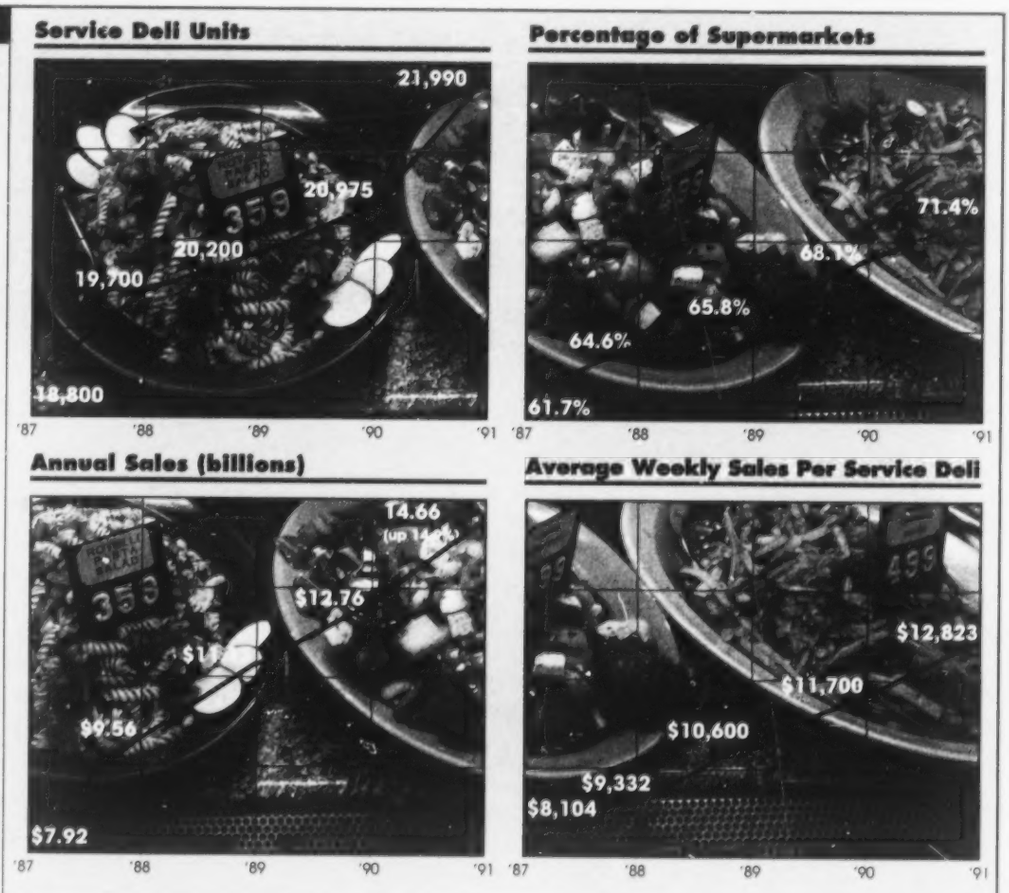
With an increase of almost 15 percent, one could postulate that there was no slowdown in deli growth last year, and that the economy may have even spurred deli sales, since 1991's growth was larger than 1990's (10.4 percent).

THE SERVICE DELI

CENSUS

These days, if you're in a supermarket, you're likely to find a staffed deli department. There are now nearly 22,000 service delis operating in the nation's supermarkets. This means that 71.4 percent of the supermarkets do have some form of a service deli in them. This is the first time that deli penetration has exceeded the 70 percent mark. It also means that the department has spread throughout the country and to all types of formats. You are now as likely to find a service deli in South Dakota as in New Jersey, even in the smallest conventional units.

The addition of 1,015 new deli units last year was, in part, responsible for an increase of 14.9 percent in total deli sales in 1991. Among individual delis, the average weekly sales topped out at $12,823. This represents an increase of 9.6 percent over 1990's weekly sales of $11,700. However, it should also be noted that 1991 was the first year in which the deli failed to achieve double digit sales growth.



In 1991, deli sales rose to their highest level ever, at $14.66 billion. This performance may have softened some operators' fears about the recession's impact on their instore departments.

However, a major reason for the spiral was the substantial increase in the number of supermarkets that had deli sections. In 1990, there were 20,975 delis in supermarkets. By the end of last year, that number had jumped to 21,990, a gain of 1,015 deli units.

That increase in the number of units was larger than the annual department growth rate that we have been seeing over the last few years. Most of these units, whether in new or remodeled stores, were on the drawing board before the economy reached its current state.

Slower Growth

Moreover, the average store sales growth rate takes a plunge when the volume of the newly-opened departments is factored out. While healthy at 9.6 percent last year, the figure was below 1990's result.

Bringing this down to the individual deli level, in 1991 the weekly sales per deli averaged $12,823. This was a 9.6 percent increase over the $11,700 weekly sales that delis brought in just a year before.

Given the predictions of gloom that abounded during the year, an increase of 9.6 percent is very good. However, 1991 was the first year in which deli sales did not achieve double digit growth across the board, so some slowdown in departmental sales growth has taken place.

In another example, operators reported that 83 percent of their stores experienced higher deli sales in 1991. But 11 percent posted no change in deli sales levels, and six percent suffered decreases, a greater percentage of stores with flat or reduced sales than was reported last year. In response to the same question in 1990, 91 percent of the delis reported higher deli sales than in 1989, while only seven percent had flat sales and only two percent reported that their sales decreased versus the previous year.

So even though the department did well overall, there were more stores with struggling delis than ever before.

Everything is relative

By and large, the deli appears to have done better in 1991 than the store as a whole, at least in terms of sales growth. The deli department's average distribution rate in 1991 was 4.7 percent last year. This was an increase from the average of 4.3 percent the previous year.

Perhaps more important is the deli's enhanced position as a profit- maker in many stores. The average share of total store profits contributed by the deli increased to 17.9 percent last year, from 14.6 percent.

This was due in part to the deli's increased volume distribution, as well as the greater profitability of those sales. The average departmental gross margin rose slightly in 1991 to 43 percent, with 28 percent of retailers reporting deli grosses exceeding 45 percent.

Labor numbers constituted another bright spot contributing to deli profitability in 1991,

THE SERVICE DELI

SPACE

The average increase in service deli footage last year was 40 sq. ft. The small increase in the physical size of the deli is in keeping with the general leveling-off of the size of new supermarkets of late.

At 1,510 sq. ft., the deli now occupies an average of 4.0 percent of the total space in the store. This is no real change from its position a year ago. Because sales have increased without an accompaning increase in footage, weekly sales per square foot rose last year. On average, each square foot of deli space produced $8.49 in weekly sales in 1991, up from $7.96 in 1990.

European-style display cases are still the most popular among deli directors. Seventy-two percent prefer that style to the more traditional design, whether or not they currently use them in their sections.

Size of Department

Square Feet of Space	
Mean	1,510
Median	1,325
By Store Format	
Conventional	1,080
Superstore	2,175
Superwarehouse	2,035

Square Feet of Space	
Mean	4.0 %
Median	3.7 %
By Store Format	
Conventional	4.3 %
Superstore	4.7 %
Superwarehouse	3.3 %

The Deli-Bake Concept

Stores Combining Delis and Bakeries into a Joint Deli-Bake Department	
Joint deli-bake	28 %
Separate departments	72 %
Total	100 %

Popularity of Display Case Styles

Percent Likely to Use in Upcoming Installations	
Joint Delibake	72 %
Separate departments	28 %
Both	0 %
Total	100 %

Average Weekly Sales Per Square Foot of Space

Mean	$8.49
By Store Format	
Conventional	$9.33
Superstore	7.54
Superwarehouse	8.35

Deli size has stabilized. For the second year in a row, delis have not expanded. The average deli section in 1991 occupied 1,510 square feet, including prep space.

with costs down and productivity on the increase. In 1990, 17.6 percent of the department's sales were eaten up by labor costs, a bite that dropped to 17.2 percent in 1991; a small change no doubt, but a move in the right direction.

On average, it took the equivalent of 6.6 full-time employees to run the department in 1991, down from the 7.2 needed in 1990. But that represents a bit of a shift in the full to part-time ratio. Last year, the average deli was staffed by the equivalent average of 3.9 full-time employees compared with 3.4 in 1990. The average number of part-timers dropped to 5.3 from 1990's level of 7.6.

With sales up and fewer people behind the counter, the average weekly sales per deli employee topped out at $1,942, an increase of $317 from last year. Over the past five years, weekly sales per deli employee have nearly doubled. In 1986, a deli employee could be expected to bring in about $1,087 per week.

Labor costs are decreasing in the deli despite the expansion of more sophisticated and complicated prepared foods. The main reason is that supermarket delis are buying more of those products from foodservice vendors.

For example, the percentage of prepared salads that are bought rather than made by supermarket delis has gone up. In 1990, 57 percent of the stores were buying at least some of their prepared salads from foodservice manufacturers, while an identical percentage said they bought some from foodservice wholesalers and distributors. In 1991, 64 percent bought prepared salads directly from foodservice manufacturers, while 63 percent purchased some of their salads from foodservice wholesalers and distributors.

While the purchase of prepared salads has increased, the number of stores making their own remained flat. The same 48 percent of delis preparing some of their own salads instore from scratch in 1990 were still at it in 1991. Those stores that received prepared salads from a central company commissary decreased to nine percent in 1991.

The same for entrees

Foodservice purveyors are also gaining a greater portion of supermarket delis' prepared entree business as well. Forty-eight percent of the sales of prepared entrees in the deli come from items bought from a foodservice wholesaler or distributor.An additional 23 percent comes from selections purchased directly from foodservice manufacturers.

Overall, 71 percent of the prepared entrees sold in supermarket delis come from foodservice purveyors. Despite the hype about instore preparation, and the publicity surrounding the emergence of "chefs in the supermarket deli," most cooking is done somewhere else, by someone else.

So how much is prepared instore? Items representing about 23 percent of sales dollars. Another six percent

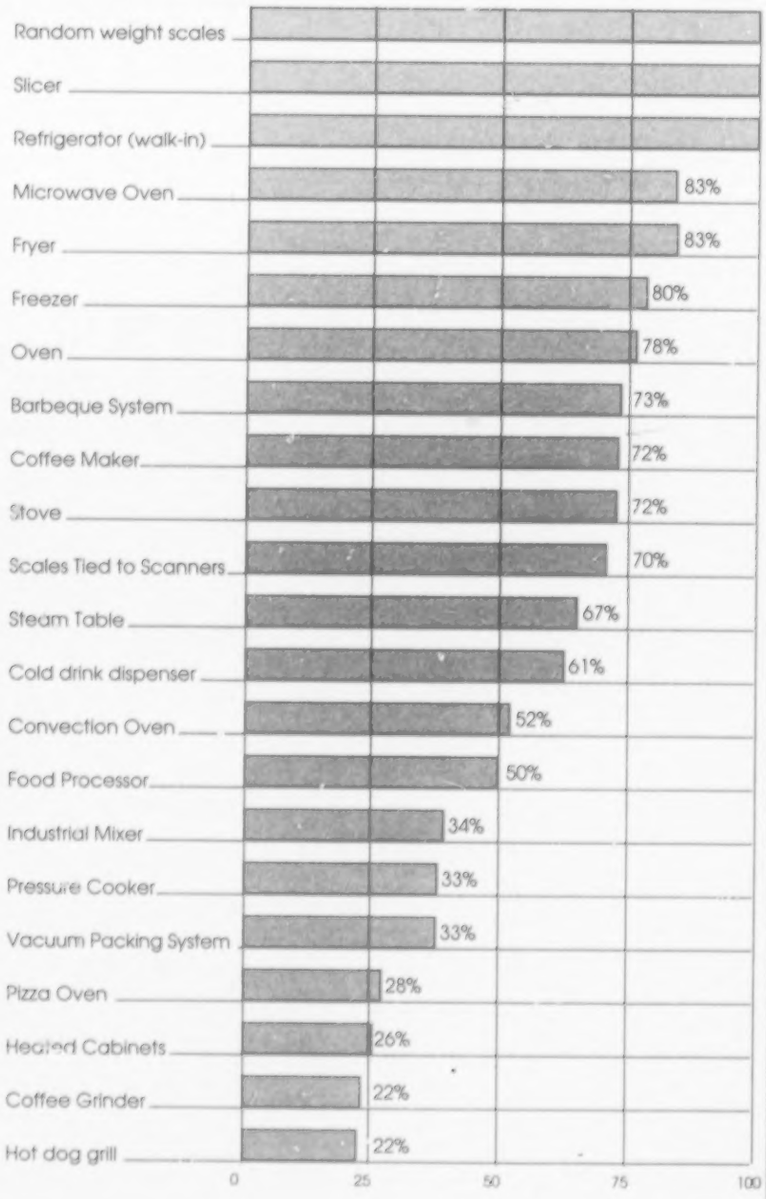
THE SERVICE DELI

LOCATION & EQUIPMENT

The supermarket deli continued its headlong pursuit of the latest gadgetry last year. Many operators have increased their stockpile of foodservice related equipment. The largest increases were among those types of equipment that speed prepared food production, such as fryers, convection ovens, barbecue systems, stoves and mixers.

Many retailers added vacuum-packing systems to their equipment lists last year. This indicates that they will be packaging more of their own sliced meats and cheeses, as well as prepared foods. Operators who have done so in the past generally report success in merchandising these store-packed products.

The Well-Equipped Service Deli Percentage of Stores That Have



Preferred Location for Service Deli

Already loaded down with a variety of equipment, many supermarket deli operators invested in still more, with particular emphasis on units that facilitate the quick production of prepared food items.

comes from those entrees prepared by the retailer, but at a central kitchen or commissary.

All this out-of-store preparation not only means fewer employees are needed, but also that employees can spend the bulk of their time servicing the customers. Almost two-thirds of the labor hours are spent in customer service (63%), while the rest (37%) is spent doing other chores including maintenance. Sales of entrees and other prepared items increased as a portion of total deli sales last year.

Hot entree sales rose from 5.3 percent of total business in 1990 to 6.2 percent in 1991. Refrigerated entrees accounted for 5.6 percent, better than 1990's 4.5 percent. Pizza sales moved up to an 8.0 percent share of the deli's sales, and sandwiches improved to 7.7 percent of sales.

Sales of cooked chicken, primarily barbequed, fried and broasted, rose to 10.5 percent from 9.3 percent in 1990. That gain was boosted by the increased popularity of poultry products in general.

While sales of those products were rising, the volume in prepared salads was falling. Salad items, with the key items including potato salad, cole slaw and macaroni salad, dropped to just 11.1 percent of deli sales in 1991. If current trends continue, the sales of chicken alone would overcome all prepared salads in the next year or two. *Continued*

THE SERVICE DELI

SALES MARGINS AND PRODUCT MIX

The gain in deli sales was enjoyed by the majority of units last year (83 percent). One portent of times ahead may be that the number of delis that did not experience any change in sales last year, or that actually lost sales (11 and six percent respectively) increased over 1990 levels.

The deli also gained slightly in its share of store sales; the department now accounts for 4.7 percent of total store sales, and is contributing an average of 17.9 percent of the total store's profits. This increase in profit was helped by a slight increase in the average gross margin of the section (43 percent).

Sliced meats still dominate deli sales and held steady as to their share of the section's sales. Most of the prepared foods, especially chicken products and hot and refrigerated entrees, increased their importance to total deli sales. Cheeses and prepared salads lost significant chunks of business in 1991.

Average Weekly Sales

Mean **$12,820** Median **$11,970**

By Store Format	
Conventional	$10,080
Superstore	$16,400
Superwarehouse	$17,000

Change in Dollar Sales ('91 vs. '90)

Higher	83%
No Change	11
Lower	6
Total	100%
Average reported increase	8.0%

Do You Consider Your Delis

Image/traffic builders	5%
Profit centers	17
Both	78
Total	100%

Share of Total Store Sales

Mean **4.7%** Median **4.2%**

By Store Format	
Conventional	5.31%
Superstore	4.27
Superwarehouse	2.99

Contribution to Store Profits

Mean **17.9** Median **18.9**

Percent of Store Profit	
Less than 8.0%	1%
8.0-9.9%	6
10.0-11.9%	26
12.0-14.0	35
15.0 or more	32
Total	100%

Gross Margin

Mean **43.0%** Median **40.0%**

Less than 35%	7%
35-39	29
40-44	36
45-49	15
50 or more	13
Total	100%

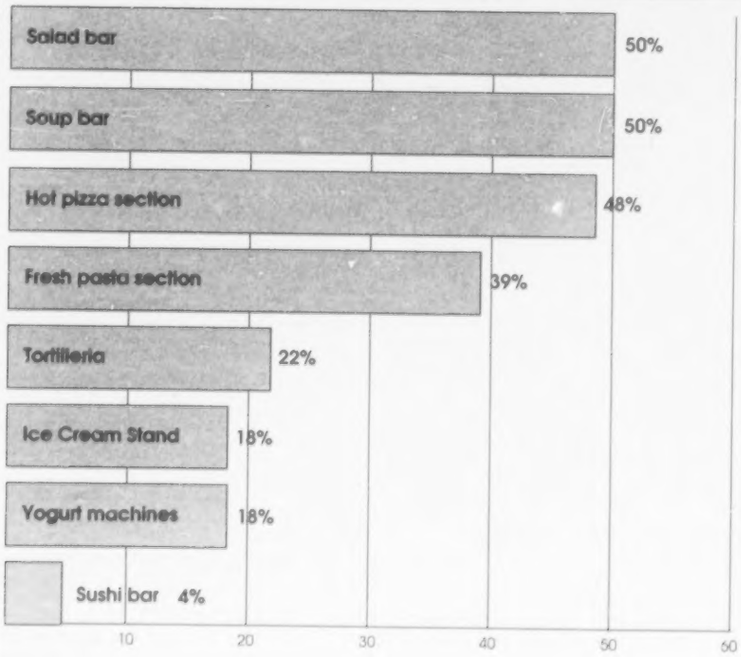
Items Dropped or Decreased

- Soups

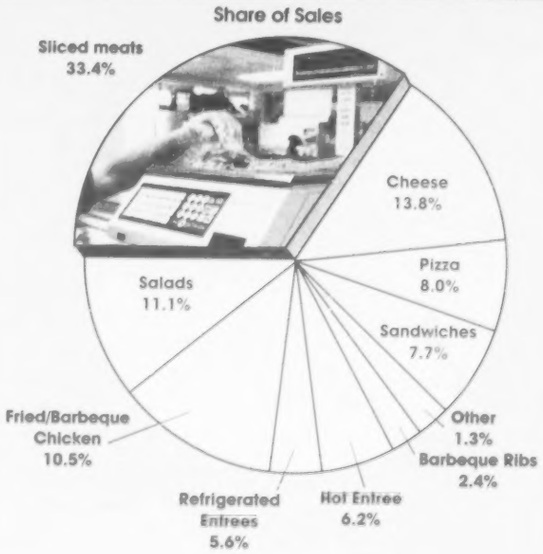
Service Deli Items/Lines Most Frequently Added or Increased

- Microwave Entrees
- Pizza
- Salads
- Store Packaged Cold Cuts

Percentage of Companies Offering Each Type of Product Section as Part of Service Deli



Portioning Out the Service Deli Sales Dollar



THE SERVICE DELI

LABOR & SERVICE

The deli is working smarter, it seems. Last year the average department was operated by the equivalent of 6.6 full-time employees, as opposed to the 7.2 needed the year before. This resulted in a saving for the department, which spent just 17.2 percent of sales for labor in 1991 as opposed to 17.9 percent in 1990.

There was a shift to more full-time employees in the deli last year. The average deli now employs 3.9 full-timers and 5.3 part-timers, in 1990 the figures were 3.4 and 7.6 respectively. This reduction in labor combined with better volume produced an increase in the average weekly sales per employee to $1,942 in 1991.

Deli employees still spend almost two-thirds of their time helping customers. Operators can't seem to agree on the future of the service/self-service ratio. However, most are offering more pre-packaged self-service products, with salads and desserts leading the way in the conversion thus far.

Number of Employees

Full-time	3.9
Part-time	5.3
Full-time Equivalent*	6.6

Full-Time Equivalent Employees*

Fewer than 4	11%
4-5	19
6-7	33
8-10	19
11 or more	18
Total	100%

*two part=time= one full-time employee

Average Weekly Sales Per Employee*

Mean	$1.942
$750 or less	1%
751-$1,000	14
$1,001-$1,500	43
$1,501-$2,000	27
Over $2,000	15
Total	100%

*Full-time equivalent employees

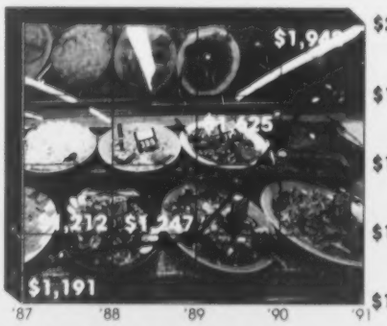
Special Area for Consuming Foods/Drink From Deli On Premises

Percentage of Companies Offering	
Have facilities	73%
No facilities	27
Total	100%

How Much for Labor

(Labor as percentage of Service Deli Sales)	
Mean	17.2%
Median	16.8%
10-15%	15%
16-20	36
21-25	32
26-30	16
Over30	1
Total	100%

Average Weekly Sales Per Employee

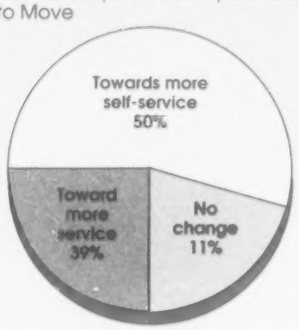


Time for Prep and Service

Breakdown of Labor Hours	
Customer service	63%
Other (incl. prep)	37
Total	100%

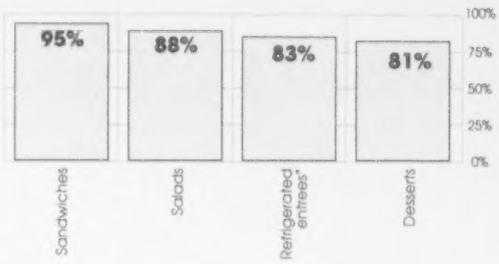
Trends in Service

Direction Deli Directors Expect Their Operations to Move



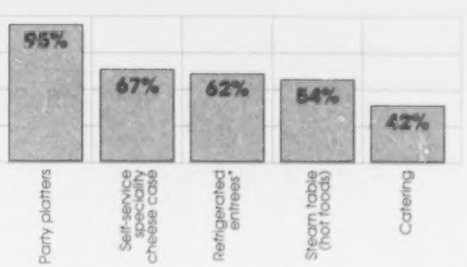
Offerings of Prepackaged Products in Self-Service Cases

Percentage of Stores Offering



Special Services

Percentage of Stores Offering



Delis again managed to cut staff and save labor costs in 1991. The results are more efficiently-run sections without any loss of variety or service.

The prepared salad group wasn't the only one of the traditional "big three" deli categories to decline last year. Sliced meat sales also fell slightly to 33.4 percent of total departmental volume, from 33.6 percent in 1990, while cheese sales went from 15.1 percent in 1990 to just 13.8 percent last year.

But despite some slippage in share percentage, sliced meats still bring in the lion's share of deli sales dollars. The category accounted for almost $4.9 billion last year, combining with cheese sales to account for nearly half the department's sales.

Watching the basics

So while the growth in recent years has been posted by prepared foods and peripheral customer services, operators cannot afford to ignore those traditional bread and butter categories that have been deli department staples for so many years — the traditional meats, cheeses and salads.

But despite maintaining the basics, there's no doubt that delis are now offering a greater variety of services and specialty products.

For instance, party platters are offered by 92 percent of the delis, while 67 percent have specialty cheese cases, 62 percent sell refrigerated entrees, 54 percent have a steam table set-up for hot foods and 42 percent provide catering ser-

THE SERVICE DELI

PRODUCTION AND SUPPLY

More and more retailers report that they buy at least some of their prepared foods from foodservice vendors. Most retailers rely on more than one source for all prepared food categories, with few producing all their items instore.

When it comes to prepared entrees 71 percent of sales come from those products bought from either foodservice distributors, or directly from foodservice manufacturers. Only 23 percent are made from scratch in the deli.

The same holds true for prepared salads. Sixty-four percent of the operators report buying at least some of their salads from foodservice manufacturers, while 63 percent purchase them through foodservice distributors. Both types of vendors saw increases over the previous year. The percentage of retailers producing at least some of their own salads instore remained at 48%.

Commissaries

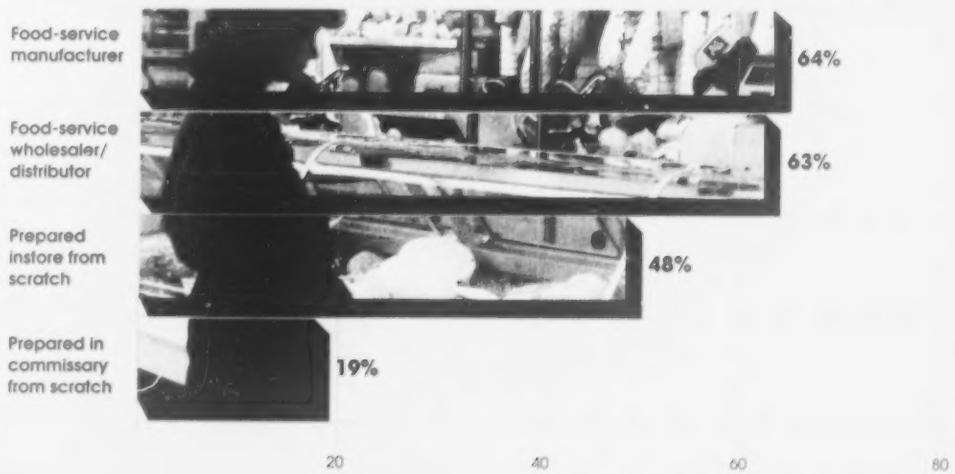
Percent of Companies Having Company-OperatedCommissary From Which Stores Order	
Have commissary	22%
Do not have commissary	78%
Total	100%

Main Function of commissary

Preparation from scratch ingredients	75%
Ordering from food-service suppliers	25%
Total	100%

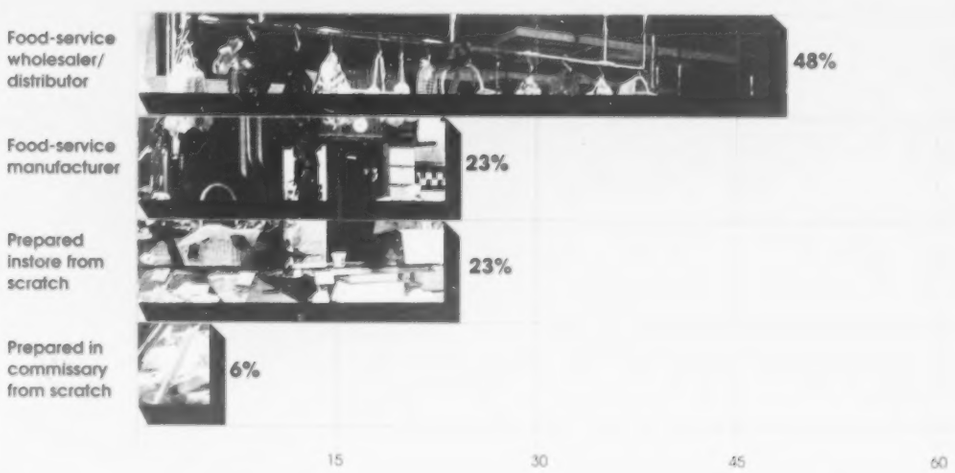
Sources of Service Deli Salads

Percent of Stores Using (Includes Multiple Responses)



Sources of Service Deli Prepared Entrees

(Percent of total Sales Coming from each)



"Instore-homemade" may be an image builder, but it isn't the industry standard. The purchase of prepared foods from foodservice sources accounts for the majority of sales of prepared items, including entrees and salads.

vices that go beyond simple party platters.

Salad bars and soup bars are still the two most popular specialty sections, with about half of the deli retailers having installed the sections in at least some of their stores. Close behind is the hot pizza section, which has gained the favor of about 48 percent of the retailers.

Fresh pasta has slipped a notch, with 39 percent of the retailers selling it compared to 41 percent in 1990. The biggest rise in popularity comes from the tortillerias, which have now found their way into the assortments of 22 percent of the retailers responding.

More Would Be Merrier

In 1991, an average of 23 percent of all shopping trips to supermarkets with a deli included a purchase from that department. This is up ever-so-slightly from the 22.4 percent of a year before.

To the pessimist, this represents yet another year in which the deli failed to significantly increase it drawing power. Despite promotion and advertising, the deli again made little headway in this area.

To the optimist, even this small improvement, during a year in which economic concerns might well have wrought havoc in the department, is an achievement to be admired.

THE SERVICE DELI

MERCHANDISING & CUSTOMERS

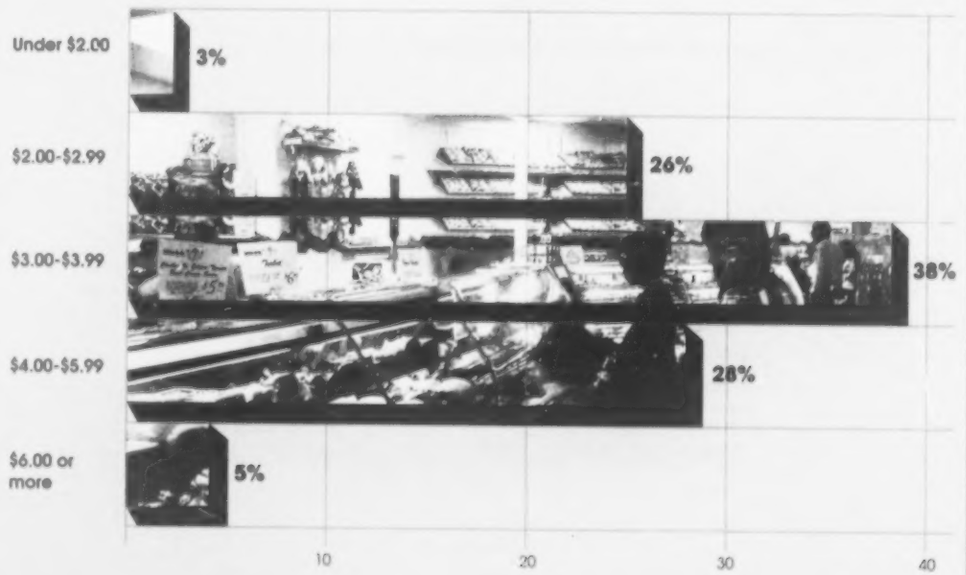
Only about 23 percent of the customers in the store made purchases at the deli in 1991, a very slight increase over the 22.4 percent posted by department operators in 1990.

Deli departments were steadily promoted and advertised in 1991, according to survey respondents. Most deli directors felt that their sections received a fair share of ad and promotion support based on their sales contribution. Retailers gave generally good marks to suppliers for their promotional assistance, although of course, most would like more.

The average deli transaction increased by about $0.40 last year, to $4.81 from $4.41 in 1990. This marked the reversal of the prior year's trend, when the average transaction sized actually decreased.

How Much Customers Spend

Percentage Who Shop the Deli — Mean **23.0%** — Median **21.7%**
How Much They Spend — Mean **$4.81**



Advertising and Promotion Sell Service Deli

	Percentage Using
Sampling	96%
Newspapers	95
Circulars	89
Point-of-purchase	83
Radio	66
Television	32
Advertise Brands	22
Instore Radio/Video	22

Delis' Share of Ad Space

Compared to Share of Sales	
Greater	22%
Less	17
Equal	61
Total	100%

How Retailers Rate the Promotion and Advertising Help from Deli Suppliers

Excellent	0%
Good	82
Fair	12
Poor	6
Total	100%

Where Retailers Need More or Better Quality Help from Deli Suppliers

	Companies Wanting More Help	Companies Wanting Better Help
Instore demos	78 %	61 %
Point-of-purchase materials	44	22
Deli coupons	61	22
Ad allowances	78	28
Training	72	44

Although the average deli customer spent more in 1991, the department again failed to entice a greater number of patrons already in the store to stop by and sample its wares.

There was some movement in terms of transaction size in the deli last year. The average amount of a deli transaction rose to $4.81 from $4.41 in 1990. This is partly due to increased prices, but it also reflects increases in the sales of high-ticket prepared food items.

The upshot is that consumers do not seem to be shying away from either the deli or its prepared foods. They may not have increased their use of these products and services as much as retailers would have hoped, but neither have they abandoned the section.

Promotion within the deli did not increase significantly over the last year, with most companies reporting that their deli advertising and promotion budgets are on par with the section's share of sales.

While advertising and promotion has always been an important part of retailing, a clear link between the level of promotion and increases in either deli sales or customer count has never been established, beyond what an individual retailer can measure in his own operation.

While most operators rate the advertising and promotional help that they get from their deli and foodservice suppliers as being good, the majority would like still more, especially in the form of instore demos and ad allowances.

With the sources of advertising monies generally drying up, many retailers will have to promote their delis on their own to a greater extent. This may cause them to take a closer look at what kinds of promotions are working, and become more aware of programs that focus on specific customer groups, instead of broad-brush campaigns.